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C O N F I D E N T I A L SECTION 01 OF 02 ANKARA 001481

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EEB FOR A/S SULLIVAN
EUR FOR DAS BRYZA
SCA FOR DAS MANN
DOE FOR DAS HEGBURG
USTDA FOR DAN STEIN

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TAGS: [ENRG](#) [EPET](#) [PREL](#) [TU](#) [AJ](#) [RS](#) [IZ](#) [TX](#) [KZ](#) [IR](#)

SUBJECT: TURKEY - COVERING OLD GROUND ON TRANSIT TO EUROPE

REF: A. ANKARA 1421

[1](#)B. ANKARA 1286

[1](#)C. ANKARA 1121

Classified By: AMBASSADOR ROSS WILSON FOR REASONS 1.5 (B AND D)

[1](#)1. (C) SUMMARY: Ambassador and Energy Minister Hilmi Guler covered familiar ground on gas transit in a June 9 meeting. Ambassador pushed for Turkey and Azerbaijan to meet to resolve issues on the current gas contract, and even more importantly to establish the transit approach for future gas to Europe. Guler was confident that these discussions would proceed, but stated that he had not heard lately from the Azeris. He expressed confidence that there was progress on Nabucco and the Turkey-Greece-Italy interconnector, with a first gas ceremony for Turkey-Greece now planned for August [1](#)10. Ambassador encouraged the Minister to send a positive message by quickly completing a MOU with Greece and Italian Edison on adding Italy to the interconnector. End Summary.

Modest Delays in TGI Completion and Ceremony - August 10?

[1](#)2. (C) Energy Minister Guler told Ambassador that the Turkey-Greece interconnector (TGI) first gas ceremony would be delayed from July 12 to August 10, citing delays in completing the border river crossing and connections with Greece. Ambassador pressed Guler to move quickly in signing the MOU with Italian Edison Company, linking Italy to the TGI. He stressed the need for a clear and positive message on Turkey's role in gas transit from Azerbaijan to Europe. Guler was confident that a MOU (what the Turks refer to as an IGA) would be signed before Turkish elections on July 22. The Minister asserted that Turkey could meet initial Greek supplies of 250 MCM pa from domestic production. Guler said that the parties were close to agreement, noting that Greece had agreed to Turkey's need for access to up to 20% of the quantity transited at "net-back" pricing. He said Italian Edison was still asking questions and thinking, but he was confident that the company would agree.

Advancing Nabucco

13. (C) Guler was also confident about Nabucco, stressing the need to move forward quickly. He said that the GOT had gained agreement for Turkey's desired approach (access to up to 20% of the transited amount and net-back pricing) from individual Nabucco countries and European Commissioner for Energy Andris Piebalgs. Guler said that Nabucco partners had accepted the Turkish offer that Nabucco would use Turkey's national network for transit across Turkey during the project's first phase. Nevertheless, Guler was frustrated that the Europeans were always focused on their needs, and did not give weight to Turkey's own significant and growing need for gas. He emphasized the need to work together on gaining investment in gas, but lamented the over-blown dreams of potential and existing gas producers, including Russia, Iran, Iraq, Azerbaijan, and Turkmenistan.

Getting the Turks and Azeris to Talk Transit...

14. (C) Ambassador conveyed a sense of urgency and willingness to help facilitate long awaited gas transit discussions with the Azeris, noting that we had learned that main interlocutor SOCAR President Abdullayev had been directed to come June 15 to Turkey. Guler repeated that the GOT was ready to talk to Azerbaijan about gas transit issues, but said he had not heard from them lately. The Minister noted that he had personally invited Natiq Aliyev, but he had not received a reply. He asserted that Turkey was ready to nominate first Shah Deniz gas.

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Let's Work Together on Caspian and Central Asia

15. (C) Guler said that he would be making a long-delayed trip to Kazakhstan and Turkmenistan. He intended to focus on assessing and reviving existing projects in gas, oil, minerals, and electricity. Guler stressed that Turkey and the U.S. shared the same interest in reviving the trans-Caspian pipeline (TCP). Ambassador noted that while USG officials often visited Ashgabat, we were keeping a low profile on TCP. Ambassador also noted the enticing potential to establish a short linkage from off-shore Petronas fields to Azeri off-shore ACG fields, thus potentially establishing the fait accompli of a TCP.

Repeated Warnings on Iran

16. (C) Noting that he would also travel imminently to Iran, Guler made a case that it was important to integrate Iran into the international commercial system. He said Turkey's objectives in discussing energy with Iran were only to meet Turkey's domestic needs. Guler asked for U.S. views. Acknowledging Turkey's need to maintain relations with its neighbor, Ambassador emphasized that the USG is strongly discouraging countries and companies from investing in Iran, with a special proscription by policy and law with respect to oil and gas. Moreover, Ambassador pointed out that reliance on Iran was risky policy, because Iran has been and would be an unreliable supplier and partner. Recent UNSC resolutions make reliance on Iran even less sensible policy.

COMMENT - DEJA VU ALL OVER AGAIN

17. (C) COMMENT: While Minister Guler regularly says what we

would like to hear on common interests, he is clearly under pressure from outside and within his Ministry on Russia and Iran. There is a significant faction in the Ministry pushing for increased energy relations with Iran as the viable alternative to reduce reliance on Russia. While Turkey appears to have adopted a reasonable stance on transit (assurance of some quantity at net-back pricing to address its own energy security and cost), it still has challenges in meeting and reaching agreements. Initiating transit discussions between Turkey and Azerbaijan will require continuous attention on our part.

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WILSON